

MINUTES

AUDIT SUBCOMMITTEE OF THE LEGISLATIVE MANAGEMENT COMMITTEE

The Audit Subcommittee of the Legislative Management Committee met in Room 131, State Capitol Building, Salt Lake City, Utah, October 22, 2001, from 3:00 p.m. until 5:00 p.m.

Committee Members Present:	Speaker Martin R. Stephens, Co-Chairman Representative Brad King Senator Mike Dmitrich
Excused	President Al Mansell, Co-Chairman

Legislative Audit Staff:	Wayne L. Welsh, Auditor General John M. Schaff, Deputy Auditor General Tim Osterstock, Audit Manager James Behunin, Audit Supervisor Janice Coleman, Audit Supervisor Maria Stahla, Lead Auditor Paul Hicken, Lead Auditor Deanna Herring, Performance Auditor Aaron Eliason, Performance Auditor Lynda Maynard, Recording Secretary Camille Ahlstrom, Legislative Secretary
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Other Interested Parties:	Ray Wahl, Juvenile Court Administrator, Admin Office of the Courts Blake D. Chard, Director, Division of Youth Corrections (DYC) Sheila Chard Daniel D. Maldonado, Deputy Dir., DYC Rodney G. Marrelli, Ex. Dir., State Tax Comm. Viola W. Bodrero, Director, DMV Robin Arnold-Williams, Ex. Dir., Dept of Human Services Brad L. Simpson, Tax Commission Jodi Hart, RRJ Pat O'Hara, State Board of Education (USOE) Patrick Ogden, Assoc. Superintendent of Public Instruction, USOE Vicky Dahn, USOE Bonnie C. Morgan, Education Director, USOE
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David H. Walsh, Dir. of Budget, Commission on
Criminal & Juvenile Justice
Senator Karen Hale
John Stringham, Rosslyn Elementary
Gay Taylor, Legislative General Counsel, Office
of Legislative Research & General Counsel
Melany Jacobs
Boyd Edman
Dan Harrie, *Salt Lake Tribune*
Bob Ward, *Standard Examiner*
Bob Bernick, *Deseret News*
Scott C Miller, *KSL Radio*

1. Call to Order

Speaker Stephens called the meeting to order at 3:00 p.m.

2. Approval of Minutes

Representative King made a motion that the minutes from the September 17th meeting be approved. The motion passed.

3. A Performance Audit of Unregistered Passenger Vehicles in Utah (Report #2001-10) Presented by Maria Stahla, Auditor-in-Charge

Utah loses as much as \$7.3 million each year to improperly registered motor vehicles. This figure includes \$4.5 million for vehicles that have avoided registration fees and taxes for at least one year, and \$2.8 million for vehicles that should be registered in Utah but are inappropriately registered in other states.

Registration compliance can, however, be improved with minor cosmetic license plate changes, increased enforcement, and increased penalties/fines for noncompliance. Other compliance strategies, such as re-plating, are available but have greater costs and do not appear to be any more effective. Further, without increased enforcement, there is no strategy that brings vehicles improperly registered out-of-state into compliance.

Motor vehicle registration fees and taxes on the 1.5 million passenger vehicles in Utah contribute to the cost of maintaining Utah's roads. In addition, vehicle registration helps protect vehicle owners and assists the law enforcement community.

Motor vehicle registration evasion is not unique to Utah; it is a national problem. Many states are attempting to gain greater vehicle registration compliance through greater enforcement efforts while others, Utah included, have altered their taxing structures. We believe that Utah's new tax structure makes it much less favorable to register out-of-state since Utah fees are now similar to those in many of the surrounding states.

In recent years, a complete license plate reissue has been proposed by an interest group that sells license plate production systems and the reflective sheeting for license plates. A complete license plate reissue does not appear warranted in Utah's situation, given the low percentage of vehicles that would be brought into compliance, the program's high cost, and the additional inconvenience to Utah's residents. The replating program would cost \$8 million but could only recover, at most, \$4.5 million if all unregistered in-state vehicles were brought into compliance. Replating would not help bring illegally registered, out-of-state vehicles into compliance.

Following the introduction in Chapter I, this report contains two chapters that are summarized below.

Lapsed Vehicle Registrations Can Be Addressed

Our sample found that few Utah vehicles are improperly registered. Approximately 1 percent of Utah vehicles have not been registered for one year or longer and an additional 2.7 percent may be registered but the lack of information makes their registration questionable. This is a problem of identification and enforcement that can be addressed with minor license plate appearance changes and improved enforcement.

We recommend that the Legislature consider eliminating vehicle to vehicle license plate transfer for plates that are no longer issued, eliminate the requirement for county stickers, review fines and penalties for late renewals, and add statutory language to require proof of registration as a prerequisite to paying the fine.

We recommend that UHP follow their policy of citing vehicles with expired registrations.

Utah Vehicles Registered in Other States Is a Problem

Identifying vehicles that have intentionally been registered in another state to avoid Utah's registration fees and taxes is a difficult task. This task is made more difficult by the fact that most out-of-state registrations are appropriate. Enforcement efforts are paramount but

appear hindered by unclear language in the *Utah Code*, the need for procedural changes, and reluctance to fully enforce by law enforcement.

We recommend the Legislature consider clarifying and simplifying the registration laws and review the enforcement of Utah residents illegally registering their cars out-of-state.

We recommend that UHP train their officers how to detect illegally registered vehicles and how to appropriately cite them.

We recommend that the Courts review data input processes and ensure that information systems programs allow similar, but different, codes to be entered under unique code numbers, and train staff to key the full citation code including subsections.

Discussion following presentation:

Rodney Marrelli, Executive Director, State Tax Commission, told the Audit Subcommittee that the audit shows excellent work and they agree with the comments and would appreciate help in enforcing the laws, which is the main problem in getting these issues resolved. However, Mr. Marrelli said that it will be a challenge for the Legislature to help law enforcement treat this need as a priority. He also said that law enforcement has many other things that have a higher priority than enforcing registrations from out-of-state.

In conclusion, Mr. Marrelli said that he believes that it will require legislative action to do away with the county decals currently on license plates and that the month and year decals will be increased in size by 2003.

Motion: Senator Dmitrich made a motion that the **Performance Audit of Unregistered Passenger Vehicles in Utah** (Report #2001-10) be approved and sent to the Transportation Interim Committee and the Revenue and Taxation Interim Committee. The motion passed.

3a. A Follow-up Audit of Utah's Juvenile Justice System (Report #2001-09) Presented by James Behunin, Audit Supervisor

Although Utah's juvenile justice system has made many improvements, several problems described in our 1999 audit report still need to be addressed. For example, Utah's juvenile justice system has responded well to our recommendation that greater emphasis be placed on early intervention. We found that many new early intervention programs have been developed since our

first audit. In addition, the state has adopted an assessment procedure to identify the risk and needs of youth offenders, just as we recommended in 1999.

On the other hand, three things must happen to fully implement our 1999 audit recommendations:

1. A few communities still need to develop a complete set of sanctions and services for early offenders.
2. The Legislature needs to address the problems associated with the duplication and overlapping roles between the Juvenile Court and the Division of Youth Corrections.
3. The state needs to monitor the performance of each of the sanctions and services for young offenders so it can identify which programs are effective and which are not.

The following is a summary of each chapter in this report.

More Emphasis Is Being Placed on the Early Stages of Delinquency. Utah's juvenile justice system is doing a good job of focusing more on youth who are at the early stages of delinquency. We found that many communities have developed programs aimed at truancy, school drop outs, substance abuse, and other social problems that lead to delinquency. We also found several excellent state supervision programs for intermediate-level offenders.

On the other hand, each Juvenile Court district and their affiliated state and local agencies must continue their effort to develop more programs for early and intermediate-level youth offenders. Many Juvenile Court districts can improve their state supervision programs by including each of the major features that were originally intended for the program.

Cooperation Has Improved but Organizational Roles Are Still Unclear. Although cooperation between the Juvenile Court and the Division of Youth Corrections has improved, there continues to be confusion about the roles and responsibilities of the two agencies. Both agencies believe they are primarily responsible for youth at the early stages of delinquency. In addition, staff within both the Juvenile Court and the Division of Youth Corrections still provide overlapping services. This report repeats the recommendation made in 1999 that the Legislature clarify the roles of the judicial and executive branches of government.

A New Assessment Tool to Be Used Statewide. Utah is in the process of implementing the audit recommendation that all youth receive an assessment of their risk and need levels. Our 1999 audit report suggests that an assessment process is essential to the success of the juvenile justice system because it allows the state to (1) identify youth who are most at risk

of becoming serious and violent offenders, and (2) ensure that youth are placed in a setting that is appropriate for their level of risk and treatment needs. The new assessment tool adopted Division of Youth Corrections and the Juvenile Court will be used statewide beginning in the fall of 2001.

Outcome Measures Still Lacking. Utah's juvenile justice system still needs to demonstrate which programs are the most effective at reducing juvenile delinquency. In 1999 we recommended that the Legislature designate a single state agency that would be responsible for evaluating the effectiveness of all juvenile justice programs in the state. However, the Legislature has not made a decision regarding which agency, if any, should monitor program performance. In the meantime, the Commission on Criminal and Juvenile Justice (CCJJ) has taken steps to address the matter on its own. Along with four other state agencies and a research center at the University of Utah, CCJJ has set out to create a criminal justice research consortium that would do research into the effectiveness of individual juvenile justice programs. We encourage legislators to support the creation of the consortium.

Discussion following presentation:

Ray Wahl, Juvenile Court Administrator, conveyed Mr. Daniel Becker's apologies for being unable to attend the meeting. He then presented the response to the Juvenile Justice System Follow-up Audit.

Mr. Wahl said that the State Court is working on the following:

- An emphasis on early intervention - they are working to develop a risk needs assessment process where staff will be trained in using two different instruments.
- Cooperation between both Juvenile Justice and Youth Corrections - is better than it has been in recent years.
- An information system that identifies programs that work and don't work.

Mr. Wahl told the Audit Subcommittee that the Administrative Office of the Courts would encourage the Legislature to continue to support the present direction of the Juvenile Justice System of improving, rather than reorganizing.

Robin Arnold-Williams, Executive Director, Department of Human Services, thanked the auditors for their comprehensive follow-up and said that they were in support of all the recommendations made in the audit. Ms. Williams said that the appendices included in the report would be a good

tool for her to share with the department heads and state court administrators in their next counsel meeting.

Ms. Williams concluded by saying that the Department of Youth Corrections is in complete support of the Criminal Justice Consortium created to assist the state in all aspects of research on criminal and juvenile justice.

Mr. Blake Chard, Director, Division of Youth Corrections, responded by saying that he supported the theoretical and philosophical idea of a need for clear delineation between the judicial and executive branches of government and their roles; but a bigger concern is the damage that might be done to current efforts and relationships that have been established.

Motion: Senator Dmitrich made a motion that the **Follow-up Audit of Utah's Juvenile Justice System** (Report #2001-09) be approved and sent to the Judiciary Interim Committee, the Law Enforcement and Criminal Justice Interim Committee and the Health and Human Services Interim Committee. The motion passed.

4. Textbook Needs

Patrick Ogden, Associate Superintendent of Public Instruction, Utah State Office of Education, gave the members of the Audit Subcommittee a handout titled "**Textbook Supplemental Expenditures**". Mr. Ogden said that 16 districts had not sent in their expenditure reports, which were due the first week of October, to be included in the overview.

The expenditure report shows:

- Because the appropriation for textbooks came so late in fiscal year 2001, many districts were unable to spend all of the appropriation in 2001; delaying the expenditure until fiscal year 2002
- \$10.6 million of the appropriation has been spent
- Some districts will carry over some of their appropriation to fiscal year 2003

Mr. Ogden said they have asked the school districts for the actual number of textbooks purchased, the titles, and the grades that the textbooks apply to. Mr. Ogden indicated that he wouldn't suggest that the appropriation meets each district's entire need, but it meets their schedule to buy books purchased in the following year rather than in the current year. He also said that the State Board of Education (SOE) is checking to make sure that the districts are not supplanting the supplemental textbook funding but he has learned that public education districts will get the information to SOE when they ready and not before.

Mr. Ogden's second handout, "**Estimated Annual Textbook Needs and Funding**" shows that there is a need by the districts to spend \$9,074,000 annually on textbooks in order to continue to have a sufficient number of up-to-date, good condition textbooks. As it now stands, there is a \$4 million to \$9 million shortage each year.

Mr. Ogden said that the school districts would prefer to have the discretion to spend funding where they need it rather than have it locked into a line item.

Speaker Stephens asked Mr. Ogden if the Audit Subcommittee could have a final report on where the textbook funding issue stands by the beginning of the legislative session in January 2002.

5. Other Business

Senator Karen Hale told the Audit Subcommittee that she would like to request an audit of the Salt Lake School District, their finances and the activities of their board, regarding school closures. This request is in behalf of the constituents that live in the boundaries of Rosslyn Heights Elementary and Lowell Elementary.

John Stringham, Rosslyn Heights School Foundation, explained the problems and concerns that initiated the request for an audit of the Salt Lake School District.

Speaker Stephens requested that Mr. Stringham and Senator Hale prepare a written request for an audit of the Salt Lake School District, including the specific concerns and the exact scope of the audit. Speaker Stephens said that it would be included on the agenda for the next Audit Subcommittee Meeting and the Salt Lake School District would be invited to respond to the audit request.

Wayne L. Welsh, Auditor General, told the Audit Subcommittee that because the current practice of not disclosing names of audit requesters may be inappropriate, he is suggesting that statutory language for a bill be drafted that would be similar to the provisions that are currently enforced for legislative bill requests. Mr. Welsh said that he would present the proposed draft at the next Audit Subcommittee Meeting for the members to consider.

Reappointment of Wayne L. Welsh as Legislative Auditor General for a six-year term.

Speaker Stephens announced that the six-year term for Wayne L. Welsh as Auditor General expires at the end of January 2002. Speaker Stephens told the Audit Subcommittee members that he and President Mansell have both talked with Wayne and they propose that the Audit Subcommittee recommend to the Legislative Management Committee that Mr. Welsh be reappointed for another six-year term as Legislative Auditor General.

Motion: Representative King made a motion that the Audit Subcommittee recommend to the Legislative Management Committee that Wayne L. Welsh be reappointed Legislative Auditor General for a term of six years. The motion passed.

Speaker Stephens asked Mr. Welsh to prepare an official reappointment request letter to the Legislative Management Committee for the Audit Subcommittee members to sign.

Speaker Stephens requested that the Auditor General's Office present an update of the status of recommendations made in audits completed in 2000 and 2001 to the Audit Subcommittee so there can be a review of the actions that have been taken on the audit recommendations.

6. Adjournment

Speaker Stephens adjourned the meeting at 5:00 p.m.